The North Pickering Project

The "Market" Profiles for North Pickering: Some First Impressions

(Background Paper No. 4)

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Ministry of
Housing
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This report was prepared as background material in the Planning of The North Pickering Planning Area and does not necessarily constitute a recommendation of the North Pickering Project nor approval of the Government of Ontario.

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THE "MARKET" PROFILES FOR NORTH PICKERING: SOME FIRST IMPRESSIONS

Based on previous urban economic base studies and an analysis of the most recent available data, this paper attempts to draw together first impressions of the probable "market" profiles for North Pickering.

PATTERNS AND FORCES

The forces at work along a metropolitan periphery are very complex involving the confluence of micro-locational decisions within a metropolitan environment and macro-locational behaviour within a regional frame. The literature on the "rural-urban fringe" is extensive and uneven with much emphasis on purely land use problems between apparently conflicting uses. Not much has been produced on the nature of circum-metropolitan manufacturing activities, and the "central place" in this environment.

With respect to interaction between metropolitan areas and their fringe areas, the following patterns have been identified:

(a) manufacturing activities are migrating out from the metropolis,

(b) some retail and service activities are by-passing fringe central places and concentrating in the neighbouring cities,

(c) complex fields of cross-commuting exist between the fringe areas and the metropolis and

(d) considerable dormitory population resides in the fringe areas.

A number of locational factors has been suggested to explain the migration of manufacturing activities. Some of the most common factors are:

(i) scale economy requirements

(ii) obsolete premises within the city

(iii) incompatible land use developments encroaching on the city site.

(iv) horizontal assembly and other production requirements which call for considerable work areas,

(v) space, per se, as an item for flexibility and investment

(vi) need to move closer to the suburbanizing labour force

(vii) taxes

(viii) trucking and general delivery and access requirements

(ix) the migration of associated or critical support services

(x) personal preferences of the entrepreneur.

Studies examining the economic activities of urban centres in Ontario, especially Southern Ontario, have indicated that there is no regular urban size/employment relationship which would have any predictive value (see, for example, Collins, 1972; Dahms and Pearson, 1969;

and Field and Kerr, 1968). This is not surprising given:

(a) the high degree of spatial indifference among many activities in the lakeshore area, and

(b) the relatively youthful stages of the metropolitan spread-cum-overspill development in this area.

From the findings of the Field and Kerr study the following pertinent points are noted:

1. The "Metro Region" (defined as the area including Metro Toronto, and the counties of Ontario, York, Peel and Halton) is maintaining its increasing share of Ontario's manufacturing establishments but a more modest share of employment. For example, mean employees/manufacturing establishment ratio for Southern Ontario increased by 130% during 1930-1965, whereas in the "Metro Region" it increased by only 75%.
2. Related to the above is the fact that Metro and environs attract a high proportion of small manufacturing enterprises. This reflects the "seed bed", specialization and support service provision characteristics of a metropolis, as well as the effects of the space requirements of larger enterprises.
3. The "Metro Region" also receives a considerable proportion of both new and foreign manufacturing establishments.
4. Within the "Metro Region" the larger the plant the less its orientation toward Metro.

5. Fringe area enterprises are more capital intensive than metropolitan manufacturing.
6. There is a high degree of inter-industrial linkages within the "Metro Region". For example, about 25% of all firms interviewed had all of their sales directed to other establishments.
7. Small industries migrate minimum distances (say 5-6 miles)
8. A certain sectoral (spatial) affinity is demonstrated by firms migrating along a line directly from their present place of location.
9. The growth potential of peripheral areas is in some way related to the presence of manufacturing establishments along a sector and good access facilities between these areas and the periphery.
10. Small plants tend to be more closely tied to the local market including other manufacturing activities.
11. For the "Metro Region" there is an absence of any apparent relationship within the "peripheral zone" between distance from Toronto and relative orientation to the Metro market.
12. Toronto as a source of materials does not seem to affect industrial location in the "Metro Region".
13. Suburban plants are much more orientated toward the Toronto market.
14. Entrepreneurs crystallize the circum-metropolitan location decision by trading off raw material, servicing and assembly advantages with certain marketing/distributional disadvantages.

15. Some 40% of the firms interviewed on the periphery of the "Metro Region", kept sales offices in Metro Toronto.
16. Nearly three-quarters of plants sending products out of the Toronto area use Toronto as the trans-shipment point.
17. The land cost and tax issues indicate that in the future they should be of about equal importance in influencing a firm to locate outside of Metro. However, the initial capital outlay remains an important factor.
18. Land costs are however becoming an increasingly important factor. Of the firms operating in the "Metro Region" prior to 1960, 31% regarded land costs as being of some importance. This rose to 73% for post 1960 enterprises.
19. Only about 10% of manufacturing in towns around Metro are oriented to local consumer markets.
20. There is a minimum of complex development, if any, in the urban places surrounding Toronto. True industrial complexes were not present since firms generally had few mutual links and little dependence on the local area for suppliers or customer markets.
21. While a large proportion of the firms interviewed use Malton Airport, virtually none considered that their distance from it was a significant handicap.

Studies on industrial migration have indicated some important aspects of the types of industries which tend to have the greatest propensity to migrate

from Metro Toronto to the fringe area (Collins, 1972; Report on Industry: Survey of the Western Area, 1971; and Report on Industry: Survey of the Eastern Area, 1971). With respect to size, it was found that smaller firms had a higher propensity to move from the Western Area, while middle-size firms displayed greater propensity to move from the Eastern Area. It was also found that the most mobile industries relocating from Metro Toronto were chemical, light manufacturing, paper, printing and publishing, metal fabricating, furniture and fixture, wholesaling and services. In general, four major factors determined their relocation. For example, these firms were (a) less reliant on local labour force, (b) least dependent on accessibility to regional market, (c) more dependent on trucking facilities than rail or public transit, and (d) forced to relocate due to lack of space for expansion, high cost of downtown location and obsolete buildings and facilities.

EMPIRICAL ANALYSIS

An analysis of most recent available population and employment data for urban centres, urban envelopes and municipalities around Metro Toronto was carried out (see Graphs 1, 2, 3 and 4). Closer examination of these graphs will indicate that the data do not give complete coverage. However, in spite of this limitation, some tentative statements can be made.

Locational Regularities

A number of locational regularities was noted in the analysis and these are summarized below:

1. Manufacturing as a source of employment is dominant around the "immediate" fringe of Toronto, particularly in Brampton, Bramalea, Richmond Hill, Ajax, and Woodbridge. Also, Brampton-Bramalea, Ajax and to a lesser degree Richmond Hill, Markham/Unionville and Woodbridge have relatively high manufacturing activity rates thus indicating important commuting flows (Graphs 2 and 4).

   On the other hand, Newmarket, Whitchurch /Stouffville Aurora and Pickering are characterized by a relatively less important manufacturing sector. The first three of these centres are located at a greater distance from Toronto and to the northeast of Toronto. A comparison between population percentage growth and manufacturing employment distribution within each centre does not indicate any strong correspondence, perhaps weakly suggesting that centres experiencing high population growth may possess a large dormitory population.

2. Retail employment data do not show any significant variation among centres. Instead, there appears to be a relatively uniform activity rate and percentage distribution. Also, for all centres, except Pickering, retail activities represented the lowest proportion of total employment.

3. Services on the other hand show considerable variation with respect to percentage data but activity rates indicate that only Newmarket is characterized by an atypical value (Graph 2). The above indication intuitively supports the argument

that centres within the Metro Toronto urban sphere of influence may be service deficient. Such a conclusion is only speculative within the present context. However, given Newmarket's accentuation on the service sector which may reflect the town's role as a 'node' within the "Metro Region" and comparing this profile with other centres, such a conclusion may have merit.

4. The impact of airport facilities seems to have a considerable influence on Malton's profile (graph 2). A considerable amount of commuting to the town is quite evident from the activity rates for services and manufacturing. These rates are significantly different from those of other centres. The retail activity rate, on the other hand, is comparable with the remaining centres, from which it may be argued that the presence of an airport does not induce any special change in retail functioning of a centre.

City Size Regularities

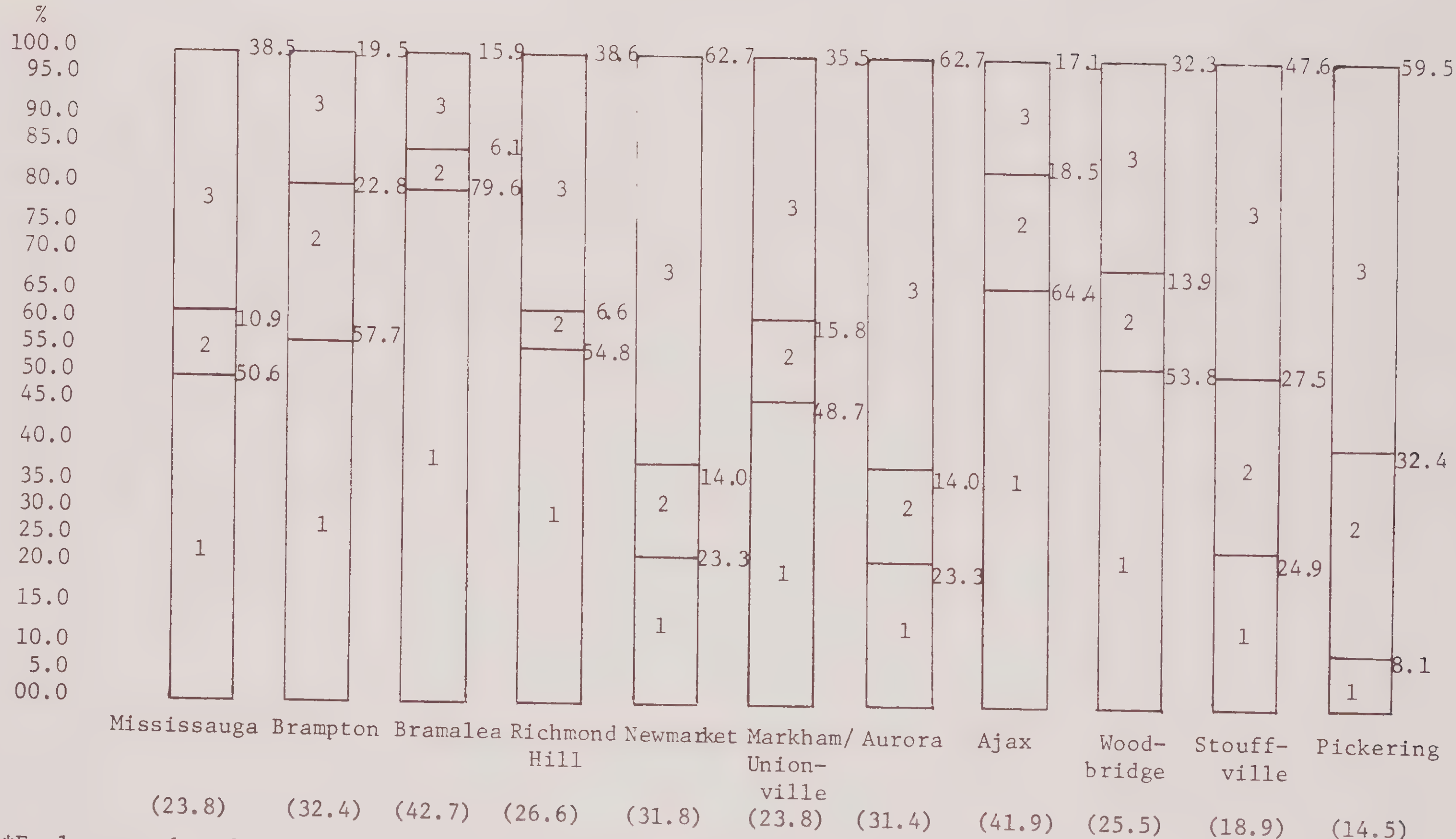
In this analysis, there is no indication of any city size ordering with respect to percentage employment in various sectors, activity rates, or even population growth rates.

CONCLUSION

The foregoing discussion does not provide an operational means of preparing a market forecast of the probable types of urban economic activities which might locate in North Pickering over the next 10-15 years. However, it does provide an overview of

the forces at work and indicate some locational regularities in the "fringe" of Metro Toronto. From the above discussion, the market-induced prospects for North Pickering may be summarized as being service deficient with new, large to medium scale manufacturing focusing on extra-regional markets.

GRAPH 1: Percentage Sectoral Employment Distribution of Urban Centres 1971*

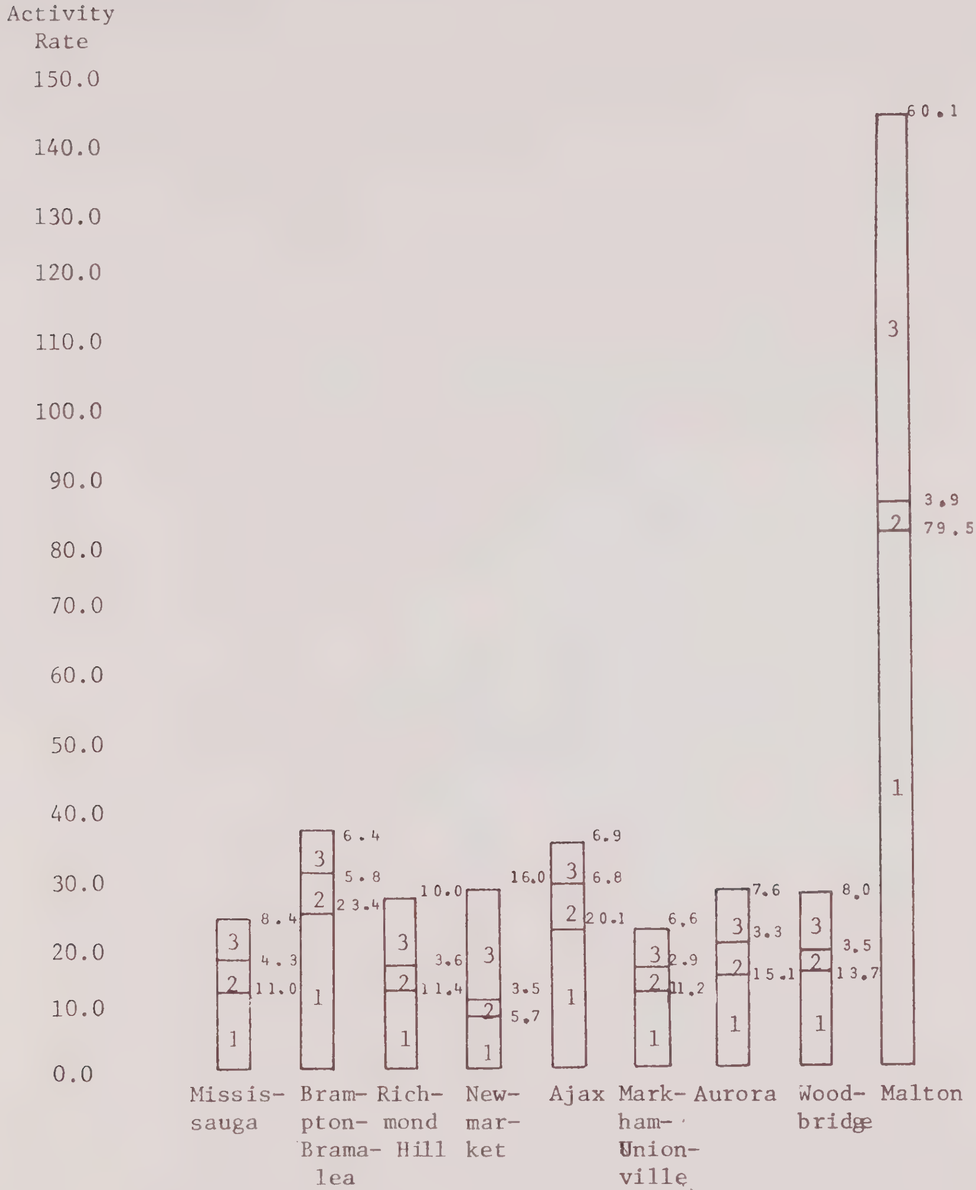


*Employment data by place of work were used in the above calculations.
1. indicates % of total employment in manufacturing.
2. indicates % of total employment in retail.
3. indicates % of total employment in services

Note: The figures in brackets give the activity rate defined as: $\frac{\text{Total employment}}{\text{Total population}} \times 100$

Source: Metro Toronto Transportation Plan Review, Report No.29, 1973.

GRAPH 2: Sectoral Activity Rates of Urban Envelopes 1971*



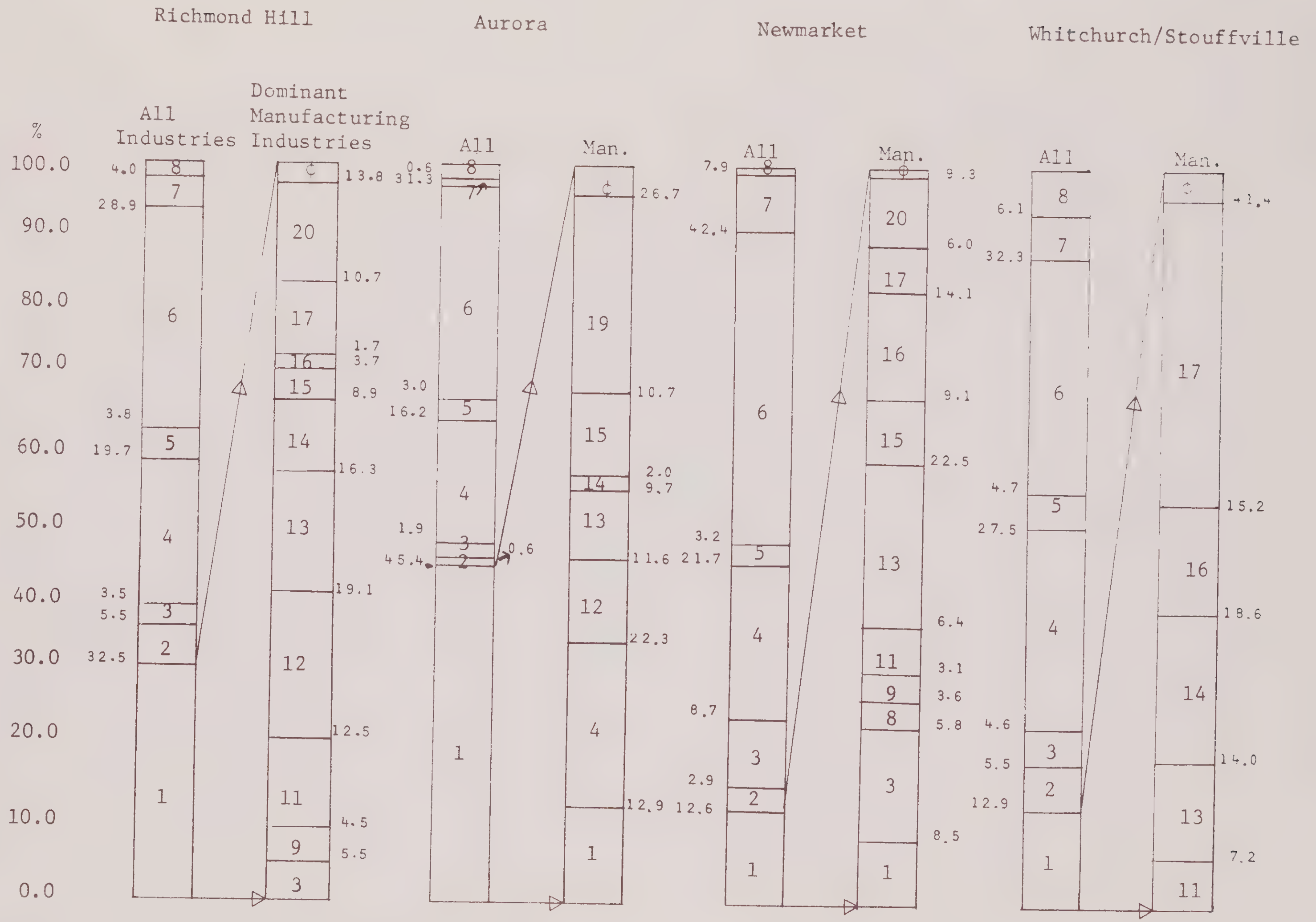
*Employment data by place of work were used.
1. indicates activity rate in manufacturing and wholesaling.
2. indicates activity rate in retail.
3. indicates activity rate in service.

Note: Activity rate is defined as: $\frac{\text{sector employment}}{\text{total population}} \times 100$

Source: T.A.R.M.'s Data Bank, 1973, obtained from Ministry of Transportation and Communications for internal use.

GRAPH 3: 1972 EMPLOYMENT : % DISTRIBUTION OF TOTAL EMPLOYMENT BY INDUSTRY AND BY MANUFACTURING GROUP

(Place of Work)



Source: Kates, Peat, Marwick, Employment Forecasts, Regional Municipality of York.

Legend to Graph 3

ALL INDUSTRIES

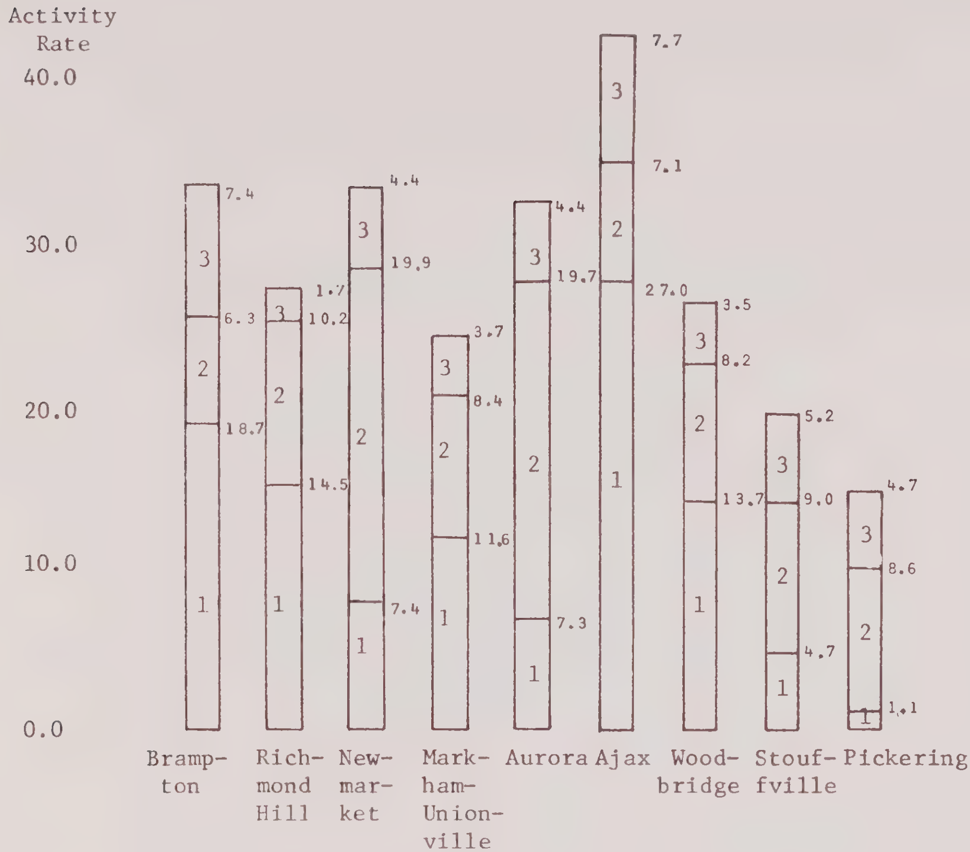
1. Manufacturing
2. Construction
3. Transportation, Communications & Other Utilities
4. Trade (Wholesale & Retail)
5. Finance, Insurance & Real Estate
6. Community, Business & Personal Services
7. Public Administration & Defence
8. Industry Unspecified Agri. Forestry, Fishing and Trapping, Mines, etc.

DOMINANT MANUFACTURING BY GROUP

1. Food & Beverage
3. Rubber & plastic Processing
4. Leather Industry
5. Textile Industry
7. Clothing Industry
8. Wood Industry
9. Furniture & Fixtures
10. Paper & Allied Prod.
11. Printing & Pub'g.
12. Primary Metal
13. Metal Fabricating
14. Machinery
15. Transp. Equip.
16. Elect. Prod.
17. Non-metallic mineral Production
18. Petro. & Coal Prod.
19. Chemcial & Chem. Prod.
20. Misc. Manuf. Ind.

ϕ rest. (usually small %) (total)

GRAPH 4: Sectoral Activity Rates of Municipalities 1971*



* Employment data by place of work were used.

1 indicates manufacturing activity rates
2 indicates services activity rates
3 indicates retail activity rates.

Source: Metro Toronto Transportation Plan Review, Report No. 29, 1973.

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T.A.R.M.'s Data Bank, provided by Land Use Group, MTC, May 1973.

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